

Michael S. Weinstein, Esq.
GOLENBOCK EISEMAN ASSOR BELL & PESKOE LLP
711 Third Avenue
New York, New York 10017
Telephone: (212) 907-7300
Facsimile: (212) 754-0330

Counsel for Jonathan L. Flaxer, Chapter 11 Trustee for Liddle & Robinson, L.L.P.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	: Chapter 11
	:
JEFFREY LEW LIDDLE,	: Case No. 19-10747 (SHL)
	:
Debtor.	: Jointly Administered with 19-12346 (SHL)
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***AMENDED STATEMENT OF JONATHAN L. FLAXER,
CHAPTER 11 TRUSTEE OF LIDDLE & ROBINSON, L.L.P., IN
SUPPORT OF THE MOTION BY COUNSEL FINANCIAL TO
CONVERT DEBTOR'S CHAPTER 11 REORGANIZATION TO
A CHAPTER 7 LIQUIDATION [DKT. NO. 249]***

Jonathan L. Flaxer, solely in his capacity as chapter 11 trustee (the “**Trustee**”) for the estate (the “**Estate**”) of Liddle & Robinson, L.L.P. (“**L&R**”), by his counsel, Golenbock Eiseman Assor Bell & Peskoe LLP, hereby files this statement in support of the motion by Counsel Financial to Convert the Debtor’s Chapter 11 Reorganization to a Chapter 7 Liquidation [Dkt. No. 249] (the “**Motion**”). In respect thereof, the Trustee states as follows:

1. On March 19, 2020, the Trustee, through his counsel, filed a proof of claim in this case on behalf of L&R in the amount of \$6,750,000, and thus is one of the largest unsecured creditors in this chapter 11 case.

2. Following the Trustee’s appointment, the Trustee achieved a temporary cessation of the ongoing litigation between Jeffrey Lew Liddle (the “**Debtor**”), on the one hand, and Counsel Financial II LLC, LIG Capital LLC, and Counsel Financial Holdings LLC (collectively, “**Counsel**”

Financial”), on the other hand. The Trustee hoped that the standstill would allow the parties to work together towards a value-additive global resolution that enhanced the potential recovery of the pre-petition creditors in both bankruptcy estates.

3. At the hearing before this Court on April 30, 2020, the Debtor’s counsel advised the Court that the Debtor had been working on a term sheet to obtain exit financing and fund a plan of reorganization. Based on the preliminary terms of that exit financing, as described to the Trustee at the time, the Trustee had hoped that the exit financing apparently under discussion might be an important element of a resolution of the ongoing disputes through plans of liquidation in both cases.

4. As of today, however, the Trustee has not received a term sheet from the Debtor for any exit financing. Moreover, based on discussions subsequent to the April 30 hearing regarding the proposed exit financing, and the passage of time without progress, the Trustee is now skeptical that a term sheet is forthcoming. It is also not clear that the proposed financing would assist in achieving a confirmable plan in the Debtor’s case.

5. The Debtor’s chapter 11 case is administratively insolvent and has no reasonable likelihood of rehabilitation.¹ Moreover, the Debtor’s estate continues to suffer significant losses while in chapter 11.

6. Accordingly, the Trustee, as a creditor of the Debtor’s estate, currently supports the Motion.

¹ Paragraph 5 of the original statement inadvertently stated that the Debtor’s case was administratively solvent instead of administratively insolvent. This amended statement is filed solely to fix that error.

Dated: New York, New York
June 9, 2020

Respectfully submitted,

By: /s/ Michael S. Weinstein
Michael S. Weinstein
GOLENBOCK EISEMAN ASSOR BELL
& PESKOE LLP
711 Third Avenue
New York, New York 10017
(212) 907-7300

*Counsel for Jonathan L. Flaxer, chapter 11 trustee
for Liddle & Robinson, L.L.P.*